

# LTC ALERT!

California Partnership for Long-Term Care

*What you should know about Long-Term Care*

June 2002

## Improved Consumer Knowledge, Acceptance of Long-Term Care Unveiled by New Field Poll

A recent Field Poll on long-term care commissioned by the California Department of Health Services' California Partnership for Long-Term Care offers some encouraging news for the insurance industry. The third in a series of state-wide surveys conducted with over 1,000 Californians by the Field Institute showed that consumer knowledge and acceptance of long-term care insurance policies has improved since 1994.

While the Field Poll points to a general lack of consumer preparedness regarding this costly financial and emotional issue, it also shows an overall decrease, compared to previous studies, in the number of consumers who believe long-term care policies are too expensive. Even more importantly, it points to greater trust of insurance companies and improved perceptions regarding the quality of policies sold. All of this may explain why respondents were 5 percent more likely to be considering a long-term care policy purchase than they were seven years ago.

Results also point to indications that individuals may be taking more personal responsibility regarding the future need for long-term care. While almost one quarter of those surveyed said their children or family would provide the care or help pay for it, more than half have given thought to purchasing insurance to pay for long-term care. In addition, there was an 8 percent decrease in reliance on the government to create a program to pay for long-term care costs.

When comparing the 2001 results with the results of the same Field Poll taken in 1994, some interesting trends emerged:

***...more than half have given thought to purchasing insurance to pay for long-term care.***

- There was an 8 percent decrease among those citing the cost of a long-term care insurance policy is too much (from 60 percent in 1994 to 52 percent in 2001)

- 5 percent more of the California population is giving thought to purchasing insurance to pay for long-term care (66 percent in 1994 had not given thought compared to 61 percent in 2001)

- A 10 percent decrease was noted in those citing long-term care insurance companies cannot be trusted to pay the benefits they promise (from 44 percent in 1994 to 34 percent in 2001)

- 5 percent less cited that there really aren't any good policies that would completely meet their needs (from 28 percent in 1994 to 23 percent in 2001)

- 26 percent of the respondents still think chances are they will never need long-term care, so buying insurance is not really worth it

- 4 percent more say their family assets and income will be enough to pay for long-term care should it be needed (from 29 percent in 1994 to 33 percent in 2001)

- There was an 8 percent decrease in the belief that the government will eventually create a program paying for long-term care costs (from 22 percent in 1994 to 14 percent in 2001)

- There was no change in the percentage of individuals (24 percent) that say their children or family would provide the care or help pay for it if it is needed

While average nursing home care costs in California can soar well beyond \$50,000 per year, only one out of five respondents is aware of this reality. This finding suggests

***Only one out of five respondents is aware of the average cost of a nursing home stay.***

there is a significant gap between the perceived costs and the true costs of long-term care.

Not only do respondents underestimate the cost of care but they also hold misguided expectations. The majority of respondents (over 55 percent) with private health insurance either believe that their policies will cover long-term care or are uncertain. The fact is that almost no health insurance plan covers long-term care for an extended period of time, demonstrating that a significant number of Californians are living under the false security that they have long-term care coverage.

Only one out of ten of those polled have invested in a program to cover the costs of this care. That low level of preparedness is best explained by a similarly low expectation of need. Nearly half (44.9 percent) of all those sur-

veyed believe that they have less than a 25 percent chance of being admitted to a nursing home. Statistically, however, almost 50 percent of individuals 65 and older will spend some time in a nursing facility. The numbers are even more alarming

when broken out by ethnicity, with Asians, African-Americans, and Latinos showing a markedly higher level of denial.

Cost, distrust, a perceived lack of need and limited consideration were among the most often cited reasons

why respondents do not invest in long-term care insurance programs. But the findings also point to cultural issues. Among Asian and Latino respondents, for instance, there is a high expectation that their children or other relatives will provide or help pay for the costs of long-term care.

For more information about this Field Poll, please email the Partnership office at [cpltc@dhs.ca.gov](mailto:cpltc@dhs.ca.gov).

Download the Field Poll summary - logon to the Partnership Web site!

[www.dhs.ca.gov/cpltc](http://www.dhs.ca.gov/cpltc)



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The Partnership's Agent Advisory Group offers a forum for agents to exchange industry information. If you have sold more than 20 policies, we would like to invite you to participate. To



find out more, log on to our Web site at [www.dhs.ca.gov/cpltc](http://www.dhs.ca.gov/cpltc) and reference Agent Tools & Resources. To join our Advisory Group, please contact Jack Sanders at (916) 323-4253 or e-mail [jsanders@dhs.ca.gov](mailto:jsanders@dhs.ca.gov).

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